

September 16, 2020

Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
317 East, State Capitol
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Madison, WI 53707-7882

Honorable John Nygren, Co-Chair
Joint Committee on Finance
309 East, State Capitol
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Honorable Robert Cowles, Co-Chair
Joint Committee on Audit
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Joint Committee on Audit
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Mr. Jeffrey Renk
Senate Chief Clerk
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Mr. Patrick Fuller
Assembly Chief Clerk
Room 401, 17 West Main Street
Madison WI 53703

Subject: Investment Policies, Objectives and Guidelines

Members of the Legislature:

Pursuant to Section 25.17(14r) of the Wisconsin Statutes, I want to advise you that since our last report on March 19, 2020 there were some revisions to the SWIB Investment Committee (IC) Wisconsin Retirement System (WRS) Investment Guidelines.

At its July 28, 2020 meeting, the Investment Committee approved amendments to the SWIB IC WRS Investment Guidelines, which included:

- Increasing the approval thresholds used to determine which external manager investments require Executive Director/Chief Investment Officer approval to reflect the growth in Core Trust Fund assets;
- Adjusting the non-U.S. investment limitations and allowing limited exposure to emerging markets within the private markets portfolios;
- Adding guidelines permitting limited venture capital and private equity investments in public securities alongside existing managers;
- Permitting increased equity holdings in venture capital and private equity portfolio companies to allow for additional co-investment exposure;

- Expanding the geographical scope for the Non-Wisconsin Private Debt Portfolio;
- Incorporating the Beta One Portfolio guidelines into the SWIB IC WRS Investment Guidelines for ease of administration;
- Deleting the Alpha Portfolio, which has been merged into another portfolio; and
- Making corresponding changes to the soft risk parameters.

The amendments listed above were all reported to the Board of Trustees at its September 9, 2020 meeting.

If you have questions on any of the changes, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Rochelle Klaskin".

Rochelle Klaskin
Deputy Executive Director/Chief Administrative Officer

cc: Jay Risch, SWIB Government Relations Liaison
Members, Joint Committee on Audit
Members, Joint Committee on Finance
Joe Chrisman, Legislative Audit Bureau
Robert Lang, Legislative Fiscal Bureau